

Report of Head of Democratic Services

Report to Scrutiny Board (Strategy and Resources)

Date: 9th September 2019

Subject: Annual Corporate Risk Management Report

Are specific electoral wards affected? If yes, name(s) of ward(s):	☐ Yes ☒ No
Has consultation been carried out?	☐ Yes ☒ No
Are there implications for equality and diversity and cohesion and integration?	☐ Yes ☒ No
Will the decision be open for call-in?	☐ Yes ☒ No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	☐ Yes ☒ No

1. Purpose of this report

- 1 The purpose of this report is to provide Board Members with details of the Council's Annual Corporate Risk Management Report. This annual report provides an update on the council's most significant corporate risks and the arrangements both in place and further activity planned during 2019/20 to manage them.

2. Background information

- 2.1 The previous annual corporate risk management report was provided to the Strategy and Resources Scrutiny Board in September 2018. Since then, the corporate risk register has continued to be reviewed and updated in accordance with the council's Risk Management Policy and in line with the Best Council Plan outcomes and priorities.
- 2.2 The Council's Annual Corporate Risk Management Report was reported to the Executive Board during its meeting on 26th June 2019. It is also supplemented by the annual assurance report on the authority's risk management arrangements, which was considered by the council's Corporate Governance and Audit Committee on 26th July 2019. This report is publicly available and focuses on the policies, procedures, systems and processes in place to manage risks at corporate, directorate, service and project levels.

3. Main issues

- 3.1 The council's risks stem from a variety of sources, many of which are out of our direct control: for example, global events such as an economic downturn, major conflicts or significant environmental events. Closer to home, more localised incidents can impact on communities, individuals, services, organisations and infrastructure. We also often have to respond quickly to changes in government policy and funding and must recognise and meet the evolving needs of our communities, particularly those of vulnerable people. Such changes, and the uncertainties they may bring, can pose threats that we need to address but also bring opportunities to exploit. Both aspects of risk management rely on the council working effectively with partners across the public, private and third sectors and with communities and individuals.
- 3.2 All council risks are managed via a continuous process of identification, assessment, evaluation, action planning and review, embedded at strategic and operational levels and for programmes and projects. All staff and elected members have responsibility for managing risks relevant to their areas, including Scrutiny Boards, Community Committees and partnership boards.
- 3.3 This annual report considers the strategic level: the arrangements in place to manage the council's corporate risks. Corporate risks are those of significant, cross-cutting importance that require the attention of the council's most senior managers and elected members. Each of the corporate risks has one or more named 'risk owner(s)': a member of the Corporate Leadership Team, (comprising the Chief Executive and directors) and a lead portfolio member who are jointly accountable for their management. The Executive Board as a whole retains ultimate responsibility.
- 3.4 The nature of risks is that they come and go as the environment changes. However, there are a set of 'standing' corporate risks that will most likely always face the council:
- Safeguarding children
 - Safeguarding adults
 - Health and Safety
 - City resilience (external emergency / incident management)
Council resilience (internal business continuity management)
 - Financial management (both the risk to the in-year budget and longer-term financial sustainability)
 - Information management and governance
- 3.5 The annual report at Appendix 1 provides detailed assurances on each of these seven risk areas, covering an overview, description of the risks, the latest risk assessment, current arrangements in place to manage them and additional activity planned. Two further risk assurances are provided: the first explains how the authority manages its statutory requirement to provide sufficient school places to the children and young people of Leeds; the second explains how the council protects itself against the risk of a major cyber incident.
- 3.6 These are two of only five 'red' risks (based on a combination of its probability and impact scores) currently on the corporate risk register. Of the remaining 'red' risks,

three are 'standing' risks and thus have their own detailed assurances.

3.7 Appendix 1 also contains:

- An introduction that explains the council's risk management framework and how corporate risks are assessed and managed;
- The corporate risk map approved by the council's Corporate Leadership Team on 28th May 2019; and
- An annexe explaining how all council risks are evaluated in terms of probability and impact.

3.8 Additional assurances for a number of these risk areas are considered each year by a range of committees and boards. These include:

- The council's Corporate Governance and Audit Committee which receives assurance reports on the council's business continuity management arrangements, procurement, information governance, and financial planning and management (all most recently reported to the Audit Committee on 22nd March 2019) as well as the annual assurance report on the council's overarching risk management arrangements;
- The council's Financial Services continue to analyse budget risks throughout the year and these are subject to monthly review as part of the in-year monitoring and management of the budget. Any significant and new risks/budget variations are included in the financial health monitoring reports submitted to Executive Board.
- Safeguarding reports considered by the Leeds Safeguarding Children Partnership, Leeds Safeguarding Adults Board and Safer Leeds; and the Ofsted inspection which rated Leeds' children's social care services as outstanding (none of the areas where further improvement could be made related directly to safeguarding).
- Reports on specific risk areas: for example, the Strategy and Resources Scrutiny Board reported on its findings surrounding the council's Resilience and Emergency Planning arrangements at its April 2019 meeting and Executive Board considered 'Employee Health and Wellbeing' at its June 2019 meeting.

3.9 In addition, the council's report guidance template includes a section on 'Risk management', requiring the report authors to detail any key risks and their management – this information then helps inform decisions made, including investment decisions; this applies to all reports to Executive Board.

4 Corporate considerations

4.1 Consultation and engagement

4.1.1 The corporate risk assurances at Appendix 1 have been subject to consultation with key officers, the Corporate Leadership Team and portfolio members.

4.1.2 The report has already been shared with Executive Board during its June meeting and also the Corporate Governance and Audit Committee during its July meeting.

- 4.1.3 The arrangements in place to manage the council's risks are embedded and therefore subject to consultation and engagement on an ongoing basis.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 This is an assurance report with no decision required. Due regard is therefore not directly relevant.

4.3 Council policies and the Best Council Plan

- 4.3.1 The risk management arrangements in place support compliance with the council's Risk Management Policy and Code of Corporate Governance, through which, under Principle 4, the authority should take 'informed and transparent decisions which are subject to effective scrutiny and risk management'.
- 4.3.2 Effective management of the range of risks that could impact upon the city and the council supports the delivery of all Best Council Plan outcomes and priorities.

Climate Emergency

- 4.3.3 This report is an assurance report with no decision required. However, as the Climate Emergency is cross-cutting in nature, there are links to many of the corporate risks. The corporate risks were recently reviewed to identify links to the climate emergency.

4.4 Resources, procurement and value for money

- 4.4.1 All council risks are managed proportionately, factoring in the value for money use of resources.

4.5 Legal implications, access to information, and call-in

- 4.5.1 The council's risk management arrangements support the authority's compliance with the statutory requirement under the Accounts & Audit Regulations 2011 to have 'a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.'
- 4.5.2 The corporate risk map is made publicly available via the leeds.gov website and is also published on the council's Intranet risk management webpage, available to elected members and staff. The annual assurance report considered by the Corporate Governance and Audit Committee on the council's risk management arrangements is publicly available on the leeds.gov website.

4.6 Risk management

- 4.6.1 This report supports the council's Risk Management Policy in providing assurances on the management of the authority's most significant risks.

5 Conclusions

- 5.1 This report sets out details of the Council's Annual Corporate Risk Management Report, which provides an update on the council's most significant corporate risks and the arrangements both in place and further activity planned during 2019/20 to manage them.

6 Recommendation

- 6.1 The Scrutiny Board is asked to note the annual risk management report and the assurances given on the council's most significant corporate risks in line with the authority's Risk Management Policy.

7 Background documents¹

- 7.1 None.

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.